ObamaCare and its Impacts On the American Taxpayer

On March 23, 2010, President Obama signed a law that imposes a comprehensive transformation of our nation's health care system. This law narrowly passed the House 219-212 on March 21, 2010 and passed the Senate 60-39 on Christmas Eve 2009. The law:

- ***Spends more than $938 billion*** to reduce the projected number of uninsured individuals by 32 million (about half of these individuals will be enrolled in the government program Medicaid), leaving 23 million people uninsured in 2019.

- ***Mandates that most Americans buy federally approved health insurance or pay a new fine*** (this fine could be up to $2,250 per family per year when fully implemented in 2016).

- ***Mandates new fines on most employers who do not buy their employees health insurance that meets new federally approved standards.*** In 2014, all employers with more than 50 full-time employees who do not provide employees health insurance coverage, and whose employees purchase insurance subsidized with a tax credit through the Exchange, would generally be required to pay a $2,000 per-employee fine. To help smaller businesses, the law does not apply this fine to the first 30 employees.

- ***Raises taxes by $438 billion between now and 2019 to pay for the bill.*** In addition to imposing punitive fines on people and employers who don't buy insurance, the law imposes new and higher taxes on things like medications and medical devices, investment income, people who use tanning beds, and insurance companies.

- ***Cuts Medicare, which is on track to be bankrupt in 2017, by a half-trillion dollars to pay for the new spending in the bill instead of fixing Medicare***. Significant cuts to Medicare spending included more than $200 billion in cuts to Medicare Advantage private health insurance plans, which will cause millions of seniors who have chosen to enroll in this program to lose access to their current plan. The law also failed to deal with another problem – doctors in Medicare are on track to face a 21 percent pay cut this year alone.

- ***Requires States to create new "Exchanges" to sell health insurance to employers and individuals*** who either cannot buy insurance from their employer or who turn down their employers insurance. Initially, the only employers allowed to buy insurance through the "Exchange" will be those with fewer than 100 employees. States will have to create an "Exchange" by January 1, 2014 – either by setting up a new government agency or a non-profit organization. If states don't set up an "Exchange," then the U.S. Health and Human Services Department will establish and run an "Exchange" for them. Americans with incomes ranging from 138 percent to 400 percent of the federal poverty level (about $90,000 for a family of 4 in 2014) will qualify for a new tax credit to subsidize their health insurance coverage. To receive this tax credit, Americans must buy their insurance through the new "Exchanges."

- ***Requires Americans under 65 to join Medicaid if they earn less than 138% of the federal poverty level (about 45,000 a year for a family of 4 in 2014).*** Medicaid is a welfare program created to be a safety-net program to reimburse health care providers for taking care of the medical needs for the most vulnerable in our society, the permanently disabled and very poor families with dependent children. Today, Medicaid provides coverage for more than 65 million people at a cost to the American taxpayers of well over $350 billion. This bill requires all states, as of January 1, 2014, to automatically enroll everyone under the age of 65 with a family income less than 138 percent of the federal poverty level, meaning that a family of four making approximately $45,000 per year in 2014 could be mandated to enroll in Medicaid. The nonpartisan Congressional Budget Office projects this law will result in more than 90 million people being enrolled in Medicaid in 2019, costing the federal government an additional $434 billion between now and 2019.

- ***Requires health insurance policies to comply with new federal rules.*** For example, starting September 2010, insurance plans must: (1) eliminate lifetime limits on benefits; (2) cover adult "children" up to age 26; and (3) no longer rescind coverage when an enrollee gets sick. Employer-sponsored health plans and new individual market plans must provide coverage for a pre-existing condition for any child under 19. In 2011, most plans must spend at least 85 percent of premium dollars on medical costs. On January 1, 2014, health insurance companies must (1) accept all applicants for coverage, (2) charge enrollees the same premium regardless of health-status; (3) vary policy premiums only according to an applicant's age, family size, geographic location, and tobacco use, and (4) cover all benefits that will be mandated by the Secretary of the U.S. Department of Health and Human Services.

Summary Implementation Timeline:

2010: Start of new taxes and payment cuts to Medicare providers.

2013: States must prove that they are on track to establish an operational "Exchange" by January 1, 2014. If the State does not comply, the federal government will step in and create an "Exchange" for it.

2014: All employers and individuals must buy insurance or pay a new fine.

All states must have an operational health insurance "Exchange."

All small businesses (100 employees or less) and individuals without employer-sponsored insurance must buy insurance through a new "Exchange."

All states must expand their Medicaid program to all Americans under age 65 with a family income less than 138 percent of the federal poverty level.